

1 The Honorable Karen A. Overstreet
2 Chapter 11
3 Hearing Date: September 22, 2010
4 Hearing Time:
5 Hearing Location: Courtroom 7206
6 Response Date: At time of hearing

7
8 UNITED STATES BANKRUPTCY COURT
9 WESTERN DISTRICT OF WASHINGTON AT SEATTLE

10 In re

11 THE CASCADIA PROJECT LLC,
12 Debtor.

Case No. 09-20780-KAO

DECLARATION OF PAT MCCARTHY IN
SUPPORT OF THE CASCADIA PROJECT
LLC'S MOTION TO REIMPOSE THE
AUTOMATIC STAY

14 I, Pat McCarthy, hereby declare as follows:
15

16 1. I am the Executive of Pierce County, and I have served in this position
17 since January 2009.

18 2. Pierce County's Comprehensive Land Use Plan allocates significant job
19 and housing growth to the urban area encompassed by Cascadia. Without Cascadia, densities
20 will have to shift to other areas of the county which may not be able to accommodate that
21 growth. In the past few years, Pierce County moved aggressively to protect farmland and
22 agricultural resources of the County by insuring that growth could go into areas like Cascadia
23 that do not have agricultural lands nor flood lands. If an area the size of Cascadia were to be
24 even partially taken out of the growth boundary, it would have many negative impacts for Pierce
25 County. Likewise if the property sits vacant for years while a new owner attempts to recreate the
26 land use entitlements, it will adversely affect Pierce County. Cascadia is a unique "Employment

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1 Based Master Planned Community that is critical to Pierce County's jobs growth.

2 3. The County and Cascadia have collaborated for many years to ensure
3 necessary public infrastructure to support the Cascadia growth plan, including significant county
4 contributions for road and sewer infrastructure. A project the size and concept of Cascadia is
5 vital to the orderly growth of Pierce County, therefore, the County has a vested interest in
6 helping Cascadia develop with the vision and scale that the County and Cascadia spent many
7 years agreeing upon.

8 4. County and Cascadia collaborations have been documented in various
9 agreements covering land uses, roadway improvements, and the provision of sanitary sewer
10 services.

11 5. In order to ensure Cascadia's development vision is met, and therefore the
12 County's land use vision is met, Pierce County intends to reconsider these infrastructure
13 financing agreements with the goal on maintaining the integrity and stability of the Cascadia land
14 use plan.

15 6. Specifically, Pierce County is willing to pursue revisions to the road
16 improvement agreement for 198th Ave. East. These revisions have the potential for providing
17 up to \$15 million of near term financing for the project. Originally, Cascadia was to build the
18 first phase of the project, with the county agreeing to do the second phase as growth increased at
19 Cascadia. As County Executive, I will pursue revisions concerning the first phase of 198th Ave
20 East in order to assure that Cascadia continues orderly and timely development. All road
21 financing revisions are subject to County Council approval of course, however, the Council has
22 shown strong support for the Cascadia project in the past and I firmly believe that the County
23 Council will approve this change.

24 7. The County began the 198th Ave East project several years ago by
25 acquiring some of the private property that was necessary for right of way. We have worked
26 with the property owners of the remainder and believe we will have no problem moving this

1 project forward.

2 8. Pierce County has one of the best bond ratings available and has issued
3 bonds in the last few years at a very attractive rate.

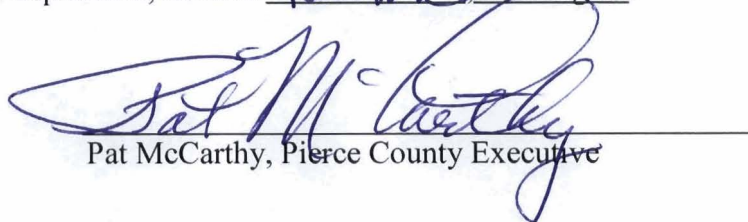
4 9. Pierce County believes a successful restructuring of Cascadia to be in the
5 County's best interest and wants the bankruptcy court to be fully aware of its support for a
6 successful restructuring and the avoidance of a foreclosure.

7 10. Cascadia is important to the County because of the determination of
8 present ownership to create affordable housing important to Pierce County resident's needs.

9 11. Pierce County is solidly behind this vision for Cascadia's development
10 and would be willing to pursue additional agreement revisions to facilitate Cascadia's continued
11 progress. As the Court is aware, our Director of Economic Development appeared at the
12 Court's first hearing to demonstrate Pierce County support for Cascadia's development plans.

13 Pursuant to 28 U.S.C. §1746, I declare on penalty of perjury under the laws of the
14 United States of America that the foregoing is true and correct.

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16 SIGNED this 21st day of September, 2010 at Tacoma Washington.

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19 Pat McCarthy, Pierce County Executive